

LONDON HOSIERY MILLS LIMITED

AUG 15 1960

45th Annual Report

For the Fiscal Year Ended
March 31st, 1960

LONDON HOSIERY MILLS, LIMITED

Notice of the Forty-Fifth Annual General Meeting of the Shareholders

NOTICE is hereby given that the Forty-Fifth Annual General Meeting of the Shareholders of the Company will be held at the Head Office of the Company, 646 Adelaide Street, in the City of London, on Tuesday the 19th day of July, 1960, AT THE HOUR OF 11.00 o'clock in the morning, Eastern Daylight Saving Time, for the following purposes.

1. To receive the Report of the Directors, together with the Balance Sheet, Statements of Income and Surplus and the report of the Company's auditors.
2. To elect Directors for the ensuing year.
3. To appoint Auditors for the ensuing year.
4. To transact such other business as may properly come before the meeting.

Dated at London this 15th day of June, 1960.

By order of the Board.

C. E. ELLIOTT,
Secretary-Treasurer

LONDON HOSIERY MILLS, LIMITED

London - Canada

Transfer Agent and Registrar
MONTREAL TRUST COMPANY
Toronto, Ont.

Auditors
WRIGHT, ERICKSON, LEE & COMPANY
Certified Public Accountants
Hamilton, Ontario

45TH ANNUAL REPORT

For the year ended March 31st, 1960

To the Shareholders:

Your Directors submit herewith the Annual Report of the Company for the year ended March 31st, 1960, together with financial statements and the report of the auditors.

The loss for the year was \$5,813.79 before providing for depreciation of \$29,467.05, resulting in a net loss after depreciation of \$35,280.84.

Foreign competition has had an adverse effect upon the earnings of the Company, notwithstanding the efforts of your Directors to increase sales and cut costs.

The reduction in the Company's gross manufacturing profit which set in in 1958 has continued and the gross manufacturing profit was reduced to 5.99% in the current year.

Your Directors laid out a plan some two years ago to endeavour to overcome our difficulties and to restore profitable operations. New machinery was installed, new products developed and new techniques were employed. Your Directors are glad to report that all employees of the Company gave their complete co-operation.

Notwithstanding the foregoing, results are not achieved quickly and continued price competition and the dumping of goods from foreign countries make it impossible to predict the future.

On behalf of the Board.

E. A. HOLYER
General Manager.

LONDON HOSIE

(Incorporated under

BALANCE SHEET

A S S E T S

CURRENT:

Cash	19,035.02	
Government of Canada bonds at cost (par value \$110,000.00, approximate market value \$92,350.00)	109,500.00	
Accrued interest on bonds	839.58	
Accounts receivable less allowance for doubtful accounts	139,560.63	
Inventories:		
Raw materials, at lower of cost or market	81,363.00	
Goods in process and finished goods, at factory cost, after adjustment in price of raw material content to market value where market was lower than cost	239,966.73	
		321,329.73
Prepaid expenses	13,395.77	
		<u>603,660.73</u>

FIXED:

Land, at cost	7,745.00	
Buildings, machinery and equipment, at cost	613,079.77	
Less: Accumulated depreciation	466,773.58	
		<u>146,306.19</u>
		154,051.19

CASH SURRENDER VALUE OF LIFE INSURANCE	17,200.00
TRADEMARKS	1.00

\$774,912.92

NOTES:

1. The Company is in arrears in respect of five quarterly dividends on Class "A" shares, aggregating \$45,000.00.
2. Proceedings have been instituted by a group of shareholders to wind up the Company; the action is being contested and is pending. Supplementary letters patent of the Company provide that, in the event of liquidation or winding up, the holders of Class "A" shares shall first be entitled to receive (before any payment is made to the holders of the common shares) the unpaid preferential dividends on such Class "A" shares up to the date of distribution whether declared or not, and thereafter the holders of Class "A" shares and the holders of common shares shall be entitled to share equally in any further distribution of the assets of the Company.
3. Supplementary letters patent of the Company provide that, so long as any Class "A" shares are outstanding, no dividend shall be declared upon the common shares at any time when the Company's net working capital is less than \$450,000.00 or if the payment of such dividend would reduce the net working capital to below \$450,000.00.

Approved on behalf of the Board:

J. A. McKEEMAN, Director
E. A. HOLYER, Director

MILLS, LIMITED

Companies Act, 1934)

AT MARCH 31, 1960

LIABILITIES

CURRENT:

Bank loan (secured)	130,000.00	
Accounts payable and accrued expenses	58,909.75	
Amount due within one year under the terms of agreement to purchase land and building at Listowel, Ontario	1,500.00	
		190,409.75

DEFERRED:

Liability under terms of agreement to purchase land and building at Listowel, Ontario, bearing interest at 8% per annum	10,500.00	
Less: Amount due within one year (as above)	1,500.00	
		9,000.00

Total liabilities	199,409.75
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SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized:

45,000 Class "A" shares without nominal or par value, convertible, with an annual fixed cumulative preferential cash dividend of 80¢ per share.

125,000 common shares without nominal or par value, of which 45,000 shares are to be available exclusively for the conversion of Class "A" shares.

Issued:

45,000 Class "A" shares	105,000.00	
80,000 common shares	20,000.00	
		125,000.00

Retained earnings	450,503.17	
		575,503.17

\$774,912.92

AUDITORS' REPORT

To the Shareholders of
London Hosiery Mills, Limited.

We have examined the balance sheet of London Hosiery Mills, Limited, as at March 31, 1960 and the statements of operations and retained earnings for the fiscal year ended on that date, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us, and as shown by the books of the Company, the accompanying balance sheet and statements of operations and retained earnings, supplemented by the notes thereto, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of London Hosiery Mills, Limited as at March 31, 1960 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hamilton, Ontario,
June 15, 1960.

WRIGHT, ERICKSON, LEE & CO.
Certified Public Accountants,

LONDON HOSIERY MILLS, LIMITED

STATEMENT OF OPERATIONS

(Year ended March 31, 1960)

Net loss from operations for the year after providing for executive salaries of \$17,130.00, directors' fees of \$2,500.00 and legal fees of \$2,646.30, but before taking into account the undernoted items		9,144.73
Profit on disposal of equipment	130.94	
Income from investments	3,200.00	
		<u>3,330.94</u>
		5,813.79
Provision for depreciation		<u>29,467.05</u>
Net loss for the year		<u>\$ 35,280.84</u>

Note: No management fee was charged to the Company for the year ended March 31, 1960. Management fee for the year would have been \$19,745.47 if calculated pursuant to contract terms and the net loss for the year ended March 31, 1960 in that event would have been \$55,026.31.

LONDON HOSIERY MILLS, LIMITED

STATEMENT OF RETAINED EARNINGS

(Year ended March 31, 1960)

Balance, April 1, 1959		483,984.01
Net loss for the year	35,280.84	
Less: Adjustment to record current cash surrender value of life insurance	1,800.00	
		<u>33,480.84</u>
Balance, March 31, 1960		<u>\$450,503.17</u>

These famous name brands represent
Quality Products made by
London Hosiery Mills Ltd.



BRAND
Venus

"Queen Quality"
REGISTERED
HOSIERY

*London
-Lad-*

Diana

LONDON BEAUTY
LONDON KNIT

MILO

LONDON PRIDE
LONDON KNIT

London Lady



London Gentleman

*Famous for **STRETCH** hosiery
of all kinds*

- Ladies' Seamfree Hosiery
- Infants', Children's Anklets
- Boys' and Men's Anklets
- Specialty Styles